

**University of Mississippi**  
**eGrove**

---

AICPA Committees

American Institute of Certified Public Accountants  
(AICPA) Historical Collection

---

1996

# Proposed report on CPE credit measurement: proposed revision in the definition and measurement of continuing professional education (CPE)

American Institute of Certified Public Accountants. Professional Ethics Executive Committee

Follow this and additional works at: [https://egrove.olemiss.edu/aicpa\\_comm](https://egrove.olemiss.edu/aicpa_comm)

Part of the [Accounting Commons](#), and the [Taxation Commons](#)

---

## Recommended Citation

American Institute of Certified Public Accountants. Professional Ethics Executive Committee, "Proposed report on CPE credit measurement: proposed revision in the definition and measurement of continuing professional education (CPE)" (1996). *AICPA Committees*. 88.

[https://egrove.olemiss.edu/aicpa\\_comm/88](https://egrove.olemiss.edu/aicpa_comm/88)

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in AICPA Committees by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

# **EXPOSURE DRAFT**

## **PROPOSED REPORT ON CPE CREDIT MEASUREMENT**

**PROPOSED REVISION IN THE DEFINITION AND MEASUREMENT  
OF CONTINUING PROFESSIONAL EDUCATION (CPE)**

**APRIL 15, 1996**

**Prepared by the Continuing Professional Education Standards Subcommittee,  
American Institute of Certified Public Accountants**

**Comments should be received by June 30, 1996, and addressed to  
Stacy Kosmides, Administrative Manager, Professional Development,  
AICPA, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 0731-3881**

**800102**

Copyright © 1996 by American Institute of Certified Public Accountants, Inc.

Permission is granted to make copies of this work provided that such copies are for personal, intraorganizational, or educational use only and are not sold or disseminated and provided further that each copy bears the following credit line: "Copyright © 1996 by American Institute of Certified Public Accountants, Inc. Used with permission."

Any individual or organization may obtain one copy of this document without charge until the end of the comment period by writing to the AICPA Order Department, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3881.

April 15, 1996

To:     AICPA Committees and Staff Aides                     State Society Executive Directors  
          State Society CPE Directors                         State Society CPE Committees  
          NASBA Board of Directors                           NASBA CPE Advisory Committee

After extensive research, the AICPA's CPE Standards Subcommittee has prepared the attached draft report dated April 15, 1996. The report addresses certain aspects of the current model for continuing professional education and makes specific recommendations for future change. Given the scope of many of the changes and the impact they could have on the way we define and measure CPE, the Subcommittee is seeking comments from a broad spectrum of interested parties.

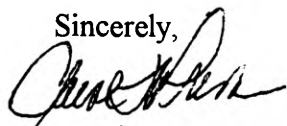
Accordingly, the subcommittee invites comments from you and your constituency on all matters in the draft report with particular emphasis on the matters listed on the attached comment form. In responding to this request, please indicate to what extent you agree or disagree with the concepts and explain the reasons for your views, including any recommendations or alternatives you may have. The comment form is presented to facilitate responses, however, feel free to respond in whatever format you believe best reflects your views.

Please send your comments by **June 30, 1996** directly to:

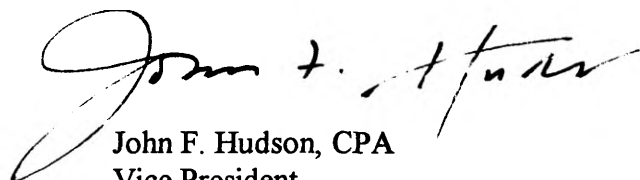
Stacy Kosmides, CPA  
American Institute of Certified Public Accountants  
Professional Development  
Harborside Financial Center  
201 Plaza III  
Jersey City, NJ 07311-3881  
Telephone [201] 938-3566   FAX [201] 938-3516

We look forward to hearing from you.

Sincerely,



Carol W. Preston, CPA  
Chair  
AICPA CPE Standards Subcommittee



John F. Hudson, CPA  
Vice President  
Professional Development and  
Technology Products

Enc.

**CPE STANDARDS SUBCOMMITTEE  
1995-96**

**Carol W. Preston (Chairperson)**  
Maryland Association of CPAs  
P.O. Box 4417  
1300 York Road  
Lutherville, MD 21094-4417  
(410) 296-6250

**Catharine M. Delesky**  
Price Waterhouse LLP  
1251 Avenue of the Americas  
New York, NY 10020  
(212) 819-5121

**Raymond C. Hamill**  
The Trump Company, Inc.  
Stone Ridge II, Suite 200  
N14W23777 Stone Ridge Dr.  
Waukesha, WI 53188-1140  
(414) 523-6900

**Gregg D. Jordshaugen**  
Yergen & Meyer  
365-118th Ave SE  
Suite 200  
Bellevue, WA 98005  
(206) 455-4000

**Terrill W. Ramsey**  
U.S. Dept of Education OIG  
600 Independence Ave SW  
Washington, DC 20202  
(202) 205-9536

**Donna Holliday Wesling**  
311 Ranch Road 620 S.  
Suite 213  
Austin, TX 78734-4747  
(512) 263-1672

**Nita Clyde**  
12655 North Central Expressway  
#915  
Dallas, TX 75243  
(214) 387-8266

**Rosanne Devins**  
BDO Seidman, LLP  
330 Madison Ave.  
New York, NY 10017  
(212) 885-8323, 885-8000

**Brent C. Johnson**  
FICPA  
P.O. Box 5437  
325 W. College Ave.  
Tallahassee, FL 32314  
(904) 224-2727

**Corine T. Norgaard**  
School of Management  
Binghamton University  
P.O. Box 6000  
Vestal Parkway East  
Binghamton, NY 13902-6000  
(607) 777-2314

**Sonia Gomez De Torres**  
Centro 11 Building  
Suite 234  
Hato Rey, PR 00918  
(809) 754-6963

**• • • Staff • • •**  
**Stacy Kosmides**  
Administrative Manager  
AICPA- Professional Development Division  
Harborside Financial Center  
201 Plaza III  
Jersey City, NJ 07311-3881  
(201) 938-3566

**John F. Hudson**  
Vice President-Professional Development and Technology  
Products  
AICPA  
Harborside Financial Center  
201 Plaza III  
Jersey City, NJ 07311-3881  
(201) 938-3535

**• • • Contributors • • •**

**Patricia A. Dalton**  
U.S. Dept. of Labor, OIG  
200 Constitution Ave., NW  
Suite S-1303  
Washington, DC 20210  
(202) 219-8545

**Kevin Marks**  
Price Waterhouse LLP  
1251 Avenue of the Americas  
New York, NY 10020  
(212) 819-5061

## **AICPA CPE Standards Subcommittee**

### **Report on CPE Credit Measurement**

**April 15, 1996**

#### **EXECUTIVE SUMMARY**

1. The AICPA CPE Standards Subcommittee has intensely studied the issue of how to make continuing professional education (CPE) more meaningful and relevant to the membership. As a result, the committee's primary recommendations are [1] to expand the definition of CPE and [2] to change the ways in which CPE is measured.

#### **E-x-p-a-n-d-i-n-g the Definition of CPE**

2. The Subcommittee's findings indicate that non-traditional learning is often more valuable than sitting in the classroom, because it involves the actual application of knowledge. As a result, we should consider allowing CPE for on-the-job training; professional research and other non-traditional learning activities if accompanied by certain documentation mechanisms that support their use.
3. Electronic performance support systems are one new way of learning and demonstrating that learning has occurred. These technology-based tools allow professionals to complete training programs on-the-job, as needed. Tests are built into the training modules in the form of "gateway" questions which demonstrate learning before progressing to the next concept. CPE credits could be given for successful completion of segments of these systems.
4. Another demonstration of gaining a new skill or competency is through the use of a "performance log" or "portfolio assessment". Performance logs contain a description of the learning activity (e.g. research of an accounting topic) along with documentation supporting the application of the research. Portfolio assessment involves reviewing documentation of competencies attained through work products. The work product would demonstrate the professional's ability to apply knowledge and skills.
5. Many firms currently have professional development programs for their professionals which include non-traditional CPE programs, which may be granted CPE credit. These programs measure learning of the professional through observation by a supervisor. Observation can be made more objective through the use of checklists designed to measure whether the objectives of the training have been met.

#### **New Ways to Measure CPE**

6. This would require changing the way we measure CPE. It would require measuring CPE

using standardized credits rather than hours. It would also consider changing the standard CPE "hour" which is 50 minutes to "units" or "credits" which could be used for various measures. One "hour" would be the equivalent of five CPE credits. This would permit professionals to claim credit for smaller units of learning, which would be applicable to the way CPAs learn on-the-job.

7. We would also need to determine a uniform way of assigning credits and evaluating those credits. One way to measure learning would be based on outcomes. Outcomes are more accurate measures of learning than inputs, which we currently use. The most effective measure of outcomes is testing.
8. The ideal would be to assign CPE credits for new competencies gained. Competencies have been defined as knowledge, skills and abilities, that are demonstrated in the application of services to clients.
9. The competency levels could be used to build a career development framework for long-term planning. The progression would follow a logical sequence and would branch for various career stages or alternate career paths.
10. The measure of CPE would ultimately be based on the achievement of a new competency level. Professionals who demonstrate a new competency would receive an assigned number of CPE credits.
11. The AICPA has the opportunity to demonstrate leadership with respect to the continuing education needs of its members -- currently and for the future. Technology is changing the way we learn. By providing learning support systems that enable CPAs to assess their educational needs based on competency levels for services they perform, we could make CPE more meaningful and relevant to all accounting professionals.

## **I. BACKGROUND**

12. In February 1995, Joe Cote, as AICPA vice-president of CPE, asked the CPE Standards Subcommittee to develop a written report on the subject of CPE credit measurement. This request came originally from Bob Israeloff, AICPA Board Chair, as a result of discussions the Board had in response to the Netterville Task Force report. The Board had debated whether to retain its mandatory CPE requirement, and had concluded to keep the requirement. However, they expressed concern about continuing to use the 50-minute contact hour as the standard for measuring CPE credit. This parallels the concern raised by the Netterville Task Force.
13. More recently, Barry Melancon, new President of the AICPA, charged the Subcommittee with completing this task in a meaningful way. He challenged us to step outside our normal

thought processes and try to come up with CPE which would be relevant to our members and meet their needs in today's technological world.

14. Several other groups also have addressed the future of education in our profession. A task force of the AICPA's Management Accounting Executive Committee recently issued a position paper on the need to change the education and training of accountants. The Members in Industry Committee has urged changes in CPE measurement, including using tests as a measurement tool and expanding the qualifying topics. The Assurance Services Special Committee has prepared a paper on the competencies required to perform assurance services, identifying 19 competency categories. In addition, the National Association of State Boards of Accountancy's (NASBA) January 1996 conference focused on how regulators can effectively deal with the new forms CPE will take and is already assuming in some firms.
15. A major concern of many groups is that currently we are measuring time spent in the classroom. We are not measuring the effectiveness or relevance of the CPE as it relates to the competence of the participant. Additionally, there is concern that the current definition of formal CPE may be too limiting. We do not take full advantage of modern technology, nor do we reflect current work schedules and learning activities that are often broken into much smaller components than in the past. CPE in one hour increments may be too restrictive. Finally, self direction and peer interaction are critical elements of adult learning.

This Subcommittee's study, therefore, focused on two questions: [a] How should CPE be measured; and [b] In what ways can we expand the definition of programs of learning while continuing to achieve the goal of attaining and maintaining professional competence.

## **II. APPROACH**

16. To answer these two questions, the Subcommittee undertook the following:
  - a. Extensive research of relevant literature. Public databases were searched for pertinent research. Members reviewed relevant articles, papers, and books. We also reviewed university studies on the measurement of learning and adult education.
  - b. Interviews of experts in the field. The Subcommittee interviewed several experts in the fields of adult education, measurement of learning, and psychometrics.
  - c. CPE Practices. CPE practices of CPAs in other countries, in particular Australia, United Kingdom and Canada, were reviewed. We also considered the continuing education requirements of other professions, such as lawyers and doctors.



### **III. SUMMARY OF RESEARCH FINDINGS**

17. The CPE Standards Subcommittee has extensively reviewed much of the recent educational research in the areas of adult learning, competency-based learning and assessment, outcomes-based measurement for education, and general research and theories regarding continuing professional education in the accounting and other professions. There is, obviously, a tremendous amount written about these topics. We have chosen to highlight a few key points we believe are relevant to this report.
18. **Adult Learning Models.** Adults learn far more in interactive learning situations, especially when learning by doing, than they do in one-way learning activities. They generally prefer educational activities in which they can participate actively, such as small group discussions, workshops, and hands-on learning experiences (Stern & Queeney, pg. 23, in *Professional Workers as Learners*).
19. Adults need to know why they are learning. They want to have some control over what and how they learn. They have life and technical experiences that can, and should, be brought into the learning process. Adults want to focus on real-life, practical problems. They perform best when the environment is supportive, giving them freedom to try out new ideas without being criticized (Wilson, David A., pg. 186-187, in *Professional Workers as Learners*).
20. In light of this information, it is evident that classroom learning, which is the current model on which our present measure of CPE is based, is probably, in many instances, not the best format in which to teach the accounting professional. Much of the classroom format is not interactive and includes a predominantly one-way direction for the training; i.e., instructor to learner.
21. **Competency-Based Learning and Assessment.** "True life-long learning, in which professional knowledge, skills, and abilities are continually updated and refreshed, should be seen as the real goal of mandatory continuing education." (Queeney and English, "Mandatory Continuing Education: A Status Report," 1994, pg. 26). "Competencies are critically important to the education and development of professionals in the current climate of rapid technological, cultural, and economic change." (Curry, Lynn and Wergin, "Educating Professionals Responding to New Expectations for Competence and Accountability," 1993, Jossey-Bass, Inc.)
22. We view competencies in training as defining a level of achievement of knowledge, skills, and abilities (KSAs) that would relate to a curriculum or professional development plan. An individual's level of competence in an area can be defined as "the degree to which the individual can use knowledge, skills and judgments associated with the profession to perform effectively in the domain of possible encounters defining the scope of professional practice" (Kane, "The Validity of Assessments of Professional Competence," 1992, pg. 4).

23. Measurement and assessment of competencies can be difficult. Kane states (Kane, pg. ii) that there are three approaches to assessments of professional competence, all somewhat elusive. They are: direct observation, which can be subjective and, therefore, can be unreliable; simulations, which are somewhat artificial and dependent upon the quality of the design of the simulation and, therefore, can be unreliable; and objective testing, which is the most standardized, but not very realistic and, therefore, can be unreliable. Most of the ongoing research in competency-based training is being done in Australia where there has been a mandate to implement competency-based learning in the Vocational Educational curriculum. Even there, with this mandate to accomplish training in this form, there is still much debate about implementation.
24. The complexity of competency-based learning does make implementing and measuring these types of educational activities a major undertaking. However, we believe that the profession is already moving in the direction of defining job competencies, and it will not be too long before the competencies are defined to the extent that they will be able to serve as the foundation of learning activities and, therefore, will be measurable. This area of education is developing and we think that the AICPA needs to continue to monitor, research, and evaluate how to move CPE in this direction.
25. Outcomes-Based Education & Measurement. Outcomes-based education (OBE) defines learning as what students can demonstrate that they know. It measures output (some proof that learning occurred), rather than input (hours in class). Output is a more important measurement of learning, according to the Educational Testing Services psychometricians from Princeton, NJ with whom we met. They recommended that we base standards on credits rather than hours and begin to develop a uniform way to assign and evaluate credits.
26. Supporters say that OBE improves student learning by giving a greater clarity of focus. OBE does have detractors; in that some say it can lead to instilling values rather than skills and knowledge (e.g., deciding what should be learned shouldn't be boiled down to a mastery of facts), (McNeir, Research Roundup, 1993, pg. 2). Some objections indicate that OBE is designed to create a system wherein all students succeed. This is not a problem in terms of CPE and its purpose. The accounting profession has already proven a base-level competency and, therefore, a stratification of learning achievement is not pertinent to our goals.
27. McKernan states that measuring OBE can be difficult. There is a tendency for outcomes to be stated in such a way that only external testing can determine whether they have been met. We do not want to be tied into testing as a mandatory measure of CPE. OBE will be a challenge to implement properly, but we also don't want to be bound to only traditional methods of education that are organized exclusively around calendar and clock. (McNeir, pg. 3).
28. According to Curry, Lynn and Wergin, "In many ways, outcomes are the ultimate criteria; they provide measures of the consequences of what is actually done in practice. As such, they

are probably the most attractive form of evaluation for both the public and the practitioners. To the public, they provide direct evidence that the practitioners are or are not achieving appropriate results. To the practitioners, assessment of outcomes offers the opportunity to be judged on their results, rather than on how those results were obtained."

29. Measurement issues related to OBE are also being considered by regulatory bodies outside of the accounting profession. The IACET, International Association for Continuing Education and Training, has addressed the measurement of their standard, the continuing education unit (CEU), as it relates to non-traditional training methods. They concede that questions will continue to arise in this area as technological access expands and instructors, designers, and learners grow more comfortable with these systems. Because they cover a broad base of professions, they recommend that each organization establish policies and procedures in keeping with its own profession.
30. The Accounting Education Change Commission and the American Accounting Association endorsed learning outcomes in their report "Assessment for the New Curriculum: A Guide for Professional Accounting Programs." They include a list of ways of measuring learning outcomes which contain non-traditional assessment methods such as learning logs, portfolios (collected work over time), performance measures and simulations, employer evaluations, observation and reflection logs, and research instruments. Open-ended problems are another assessment tool cited by Curry, Lynn and Wergin.
31. Relevance and Application to Practice - If CPE is to become more effective, an individual's educational needs should be identified as part of a coherent, comprehensive CPE program that focuses on the actual context in which the professional works. As Lynton states in "CPE: Comparative Approaches and Lessons" (Professional Workers as Learners, pg. 129), knowledge-based programs emphasize the acquisition of new information, skills, and methodologies. Increasingly, however, suggestions are being made that CPE should be practice-based, so that -- as one observer put it -- "learning agendas follow work agendas."
32. On the Job Training (OJT) is often more valuable than classroom training. In effect, the predominant tone in Continuing Education at its best ought to be peer exchange. New knowledge is offered and received in a fluent, mutually profitable way, a situation in which an instructor is "first among equals" if perhaps only on the theme of his/her expertise. Additionally, the relationship between what the professionals learn and its direct application to their daily practice is critical to the success of the program (Stern & Queeney, pg. 23, in Professional Workers as Learners).

#### **IV. HOW SHOULD CPE BE MEASURED?**

33. The vocabulary surrounding the measurement and reporting of increments of CPE should not be "time-based." The primary purpose of CPE is to maintain and enhance professional

competence. Measurement units should not imply or be construed to indicate that the amount of education credit to be assigned to any particular segment is derived solely from the amount of time expended.

34. Competency and outcome-based measurements are more appropriate methods of measuring achievement of CPE objectives. Specific measurement methods need to be developed, and should be done in the context of expanding what qualifies for CPE and the methods of delivery. However, an important first step is to change the measurement unit to more neutral term.

## **V. RECOMMENDATIONS FOR CPE MEASUREMENT**

35. The Subcommittee recommends that the change in the way CPE is measured be phased in gradually to allow for the acceptance of the change and, more importantly, to allow flexibility in the future measurement of CPE in tune with rapidly changing technology.
36. Phase one would change the vocabulary of CPE measurement. Neutral wording should be adopted, such as credits, units, etc. This would be an early phase in the transition to recognize CPE on a basis other than CPE "hours." The currently used "hours of participation" system will still be used for most programs; only the vocabulary will change.
37. Phase two would recognize that increments of CPE should be small enough to accommodate anticipated delivery modules. Five "new units" of continuing education would equal what was formerly defined as a "CPE hour," which is generally accepted as comprising 50 minutes of participation time. These smaller increments would permit the accumulation and reporting of educational benefits obtained during the employment of new delivery methods (computer-based training modules, just-in-time delivery segments, point-of-need training, etc.). The smallest unit of learning would be the equivalent of 10 minutes. That would mean a participant could only lose nine minutes of credit rather than the current 49 minutes, if they did not complete a full unit.
38. Phase three would expand measurement and reporting of CPE to permit an "other-than-hours" methodology. Consideration should be given to the measuring and reporting of continuing professional education on the basis of newly developed and emerging methodologies. Such methodologies might include: performance-related testing; outcome(s) measurement; competency-based demonstration, etc.
39. The concept of the CPE standard hour/unit would not be eliminated. Rather, the method of achieving CPE credit would be expanded. CPE credit could be given for achievement of a new skill level based on demonstrated learning. The more difficult levels would be assigned more credits.

**VI. HOW CAN WE EXPAND THE DEFINITION OF PROGRAMS OF LEARNING WHILE CONTINUING TO ACHIEVE THE GOAL OF ATTAINING AND MAINTAINING PROFESSIONAL COMPETENCE?**

40. Expansion of what qualifies for CPE can have significant benefits to the profession. CPE would become more relevant, current and cost effective for the professional, and be made more compatible to the way in which work is performed in the current technological age. It would provide professionals more options to meet their career needs.
41. Effective, efficient evaluation methods need to be developed to ensure desired learning outcomes are achieved, and to ensure expanded CPE criteria are accepted by the public and the profession.
42. Following are methods by which CPE can be expanded and learning outcomes measured for CPE credits. The methods have been grouped into three areas: testing, expanding learning experiences which qualify for CPE credit, and using a competency-based structure. Some methods will be relatively easy to implement. Others will take considerably more effort.

**VII. TESTING: A METHOD TO MEASURE OUTCOMES**

43. Testing is a generally accepted method of measuring whether learning has been achieved. Tests can be objective and precise. Effective tests require that there are clearly identified learning objectives to measure against. Tests need to be reliable and valid.

**Certification Tests**

44. There are a number of accounting-related certifications. Many certifications require successful completion of an examination. CPE credit could be given for successful completion of related certification examinations or portions of the exam. The Institute of Management Accountants currently gives credit at the rate of four hours continuing education credit for each hour of examination successfully completed. Similarly, the Virginia Society of CPAs allows 20 hours of CPE credit for each testing day for successfully completing professional exams such as the Certified Internal Auditor, Certified Management Accountant, Certified Financial Planner, Certified Information Systems Auditor, and the Bar Exam.
45. Currently, CPAs may receive credit for completion of review classes taken to prepare for exams, whether or not the exam is passed. However, CPAs who do not take a review course but pass an exam do not receive credit. A method for giving credit for successful completion of certifying exams would be relatively easy to implement.

### Assessment Tests

46. Using competency assessment tests for CPE credit also may be an easy way to expand qualifying CPE. Instead of sitting in a classroom or reading a self-study textbook, the professional could be given the option of taking a test to demonstrate competency and could receive CPE credit for successful completion. The assumption is that the professional achieved the desired level of competency through self-directed (or supervisor/ mentor directed) reading, research, and application experience to achieve the desired learning objective.
47. These tests could be adapted from post-tests as they currently exist for self-study programs. The objectives of the self-study program would be clearly stated. The professional could choose to purchase a test instead of taking the entire self-study course. This would allow the professional to reduce CPE costs.
48. Alternatively, a series of competency-based tests could be developed. Valid, reliable tests would have to be developed. It would require establishing competency levels in appropriate subject matter areas. The National Curriculum might be an initial basis for establishing competencies, but it would have to be kept current. This would be a major undertaking.
49. CPAs in industry have expressed a positive interest in testing. In an August 1995 letter, the Industry CPE Liaison Subcommittee expressed interest in a "learning measurement" approach whereby a test portion could accompany an AICPA self-study course. As an option, CPAs could take the test without taking the course and get credit for passing with a "pre-established" minimum score.

### VIII. EXPAND LEARNING EXPERIENCES WHICH QUALIFY FOR CPE CREDIT

50. Current measurement standards do not recognize learning which occurs on-the-job, through research, or through other types of non-traditional learning activities. These non-traditional learning activities may present measurement difficulties. However, they may actually result in more learning and greater efficiency in learning than the traditional classroom approach.
51. In considering the expansion of learning experiences that would qualify for CPE credit, the CPA must be able to provide convincing evidence that the desired learning objectives have been achieved.

The following examples describe non-traditional learning activities and the documentation mechanisms that support the use of these mechanisms.

### Performance/Learning Logs

52. The performance or learning log may be used to document knowledge gained from a variety of learning experiences such as reading, research, completed self-study programs, certification or competency-based tests successfully completed, and learning that takes place on the job.

The log could be relatively standardized and could include items such as:

- (a) a description of the CPA's position/level of responsibility. This information on position or level of responsibility is required so that someone evaluating the log has a context within which to view its contents. For example, is the material that is described in the log simply a repeat of something the practitioner should already know?
  - (b) the learning objectives for each type of activity described in the log. This information can provide evidence of planning on the part of the CPA in terms of his/her objectives in undertaking the activity. By stating the learning objectives, the reviewer of a learning log will have some ability to consider suitability of the activity selected, relative to those objectives.
  - (c) a detailed explanation of what the professional did to expand his/her knowledge.
  - (d) an evaluation by the practitioner of the learning that has taken place as a result of the activities described in the log. Self-reflection on one's learning experiences is a characteristic of the learning log approach.
53. Methods will need to be developed to translate the learning experience into CPE credits. The learning log and other non-traditional learning experiences will require the establishment of detailed guidance in terms of the credits to be awarded for those experiences.
54. Secondary documentation to supplement the learning log should also be maintained. This documentation could include, for example, notes and conclusions based on reading and research, an example of work completed such as preparation of an estate tax return, or a detailed statement from the CPA's supervisor.
55. This performance log could be subject to review/audit as and when considered appropriate. The learning log approach might be adopted by a firm with an appropriate individual within the firm who would be designated to oversee these logs and certify to the State Licensing Board that their contents meet state CPE requirements. Alternatively, logs might be reviewed on a random and/or periodic basis by a staff member of the Licensing Board.
56. It should be noted that the awarding of CPE credit for classroom experiences is currently based on trust of the CPA and the assumption of a motivated participant. It is assumed that

by attending a CPE presentation learning takes place. Trust and motivation are also assumptions required to give credit for experiences documented in learning logs.

### Portfolio Evaluation/Assessment

57. Portfolio evaluation/assessment is similar in concept to a learning or performance log in that it is developed and maintained by the professional. Generally, a portfolio would contain examples of the practitioner's work or accomplishments. There is overlap in terms of the documentation provided with a learning log and with a portfolio. Both, for example, might contain notes for research undertaken or a form prepared for a regulatory agency.
58. A portfolio should contain a detailed list of learning objectives, as well as the item(s) which demonstrates that a particular learning objective has been achieved. For example, it might contain a financial schedule and supporting footnote that were prepared based on the requirements of the pronouncement. Alternatively, if a learning objective was to understand a particular FASB pronouncement, the learning portfolio might contain a video of the practitioner teaching or explaining the pronouncement to a group or another individual.
59. A portfolio is unlike a learning log in that its major components are some tangible form of performance-based evidence relevant to the specified learning objective(s). It does not contain the detailed description of what the CPA did to accomplish the objective, but instead describes output consistent with that objective. It also does not require reflection on the part of the practitioner as to what learning has been accomplished and how that learning has taken place. The documentation used for a portfolio tends to be the secondary documentation used to support the content of a learning log.
60. The content of a portfolio tends to lend itself to verification more readily than that of a learning log. It is more limited than a learning log since it requires some tangible form of output.
61. As with a learning log, time inputs for the various outputs must be kept or other measurement standards must be applied so that the content of the portfolio can be translated into CPE credits.

### Electronic Performance Support System (EPSS)

62. These systems take advantage of today's advancing electronic technology. While there are not many examples where EPSS is currently in use, there are many research articles indicating that this approach is where the future of education is heading. EPSS refers to "any intersecting technologies that offer just-in-time learning tools to a person with a task or job to do." EPSS provides the learner with on-demand access to the resources required to solve a problem or perform a task; allowing the learner to decide how and when they will learn (e.g., simulation exercises, explanations, definitions, interactive questions and answers,



demonstrations, etc.) and the degree of learning needed -- a five minute informational review or extensive simulation exercise. EPSS is immediately responsive to the learner's needs rather than requiring the learner to attend an instructor-led program at a time convenient to the instructor.

63. A simple form of EPSS would be an interactive self-study program. However, it is contemplated that, unlike today's approach where CPE credit is granted only if an entire self-study program is completed, CPE credit would be granted for completion of individual sections of a self-study program as deemed necessary by the learner. Such a self-study program would be constructed in the form of branching schemata, whereby the individual would take only those branches that they need and get credit for achieving only those learning sub-objectives. For example, if the program dealt with the completion of a tax return and the individual was unsure of a question regarding the child care credit, he or she would complete a learning module on the child care credit before completing the return. The individual would proceed through a series of gateways to gain access to the learning module desired and would complete only the relevant self-study section/program. In this scenario, the learning is achieved in small increments, with credit accumulated in smaller units than the traditional CPE hour.
64. In a second and more comprehensive form, the EPSS would consist of an actual problem simulation, where the learner can access the help/information in the context of an actual job. Through an interactive interface, the individual both learns, receives feedback and gets the job done. Again, the example of an individual preparing a tax return will be used. In using an EPSS, the individual would prepare the tax return using a simulation exercise inserting actual data in an on-line return. As information on each item in the return is completed, the individual would need to answer a series of questions to demonstrate his or her knowledge and understanding. Incorrect answers to the questions would require the completion of a related tutorial. In addition, at any time, the learner could branch off into an information/tutorial section on a particular subject/tax return item. Completion of the simulation would result in the preparation of a tax return and would be both a learning and performance experience for the learner. Again, it appears that this form of learning should be eligible for CPE credit, as it is clear that the learner has expanded his or her learning/knowledge base.

#### Research Products

65. Since the primary purpose of CPE is to maintain and enhance a professional's competence, it appears that all forms of learning should be given consideration in determining whether CPE credit should be earned. The British Institute of Accountancy has recognized research and lecture presentation as qualifying for CPE and it would appear that, in cases where it expands a professional's knowledge base, it would also be appropriate to grant CPE under United States standards. In order to be granted credit, the research would need to be in a new subject area or result in expanded/more in-depth knowledge for the learner. In addition, the research

would require documentation about the subject, resources utilized, issues considered, and conclusions reached.

66. Such research could then be reviewed by a supervisor, CPA or other subject matter expert to assess achievement of learning. The concept of granting CPE credit for research could be considered on a stand-alone basis or in conjunction with the performance/learning log discussed previously.

#### Structured On-the-Job Training

67. Many large employers have extensive in-house training and professional development programs. They use a variety of techniques, including job assignments, as part of these development programs. Such integrated training gets limited credit under the current CPE system, though it may be the most effective training. A method for recognizing and crediting such structured on-the-job training would be to include an evaluation of a firm's career development program in its peer review. Accreditation of an employer's career development program would be the basis for crediting employees with a specified amount of CPE. For example, an individual might be given 30 units of CPE based on a year's employment with an accredited employer.
68. At the individual level, it may be possible to develop a similar system. The individual would need to create a career development plan that identifies goals and objectives, and how they will be achieved. Some form of independent certification/review of the plan would be necessary before recognizing and/or granting CPE credit.
69. The advantages of such a system are that it ties CPE directly to career development and ensures that the practitioner's entire scope of practice is addressed.

### IX. USING A COMPETENCY-BASED STRUCTURE

70. The mandatory CPE requirement has a long-term objective to maintain and enhance the competence of the professional over his/her entire career. However, our current system does not directly focus on competency. Further, it is not career focused, but directed at short-term goals of a certain number of hours training per year. The following discussion addresses competency-based CPE and focuses on career planning.

#### Competency-Based Learning

71. AICPA Standards for Formal Continuing Professional Education (CPE) Programs, General Standard No. 1 states that "accounting professionals should participate in programs of learning that maintain or increase their professional competence or do both." In the past, this has often been interpreted as meaning that when determining training needs (or whether a

course qualifies for CPE), a person need only consider the fields of study set forth in the AICPA National CPE Curriculum: accounting and auditing, advisory services, specialized knowledge and applications, management, personal development and taxation. However, in order to provide a comprehensive framework for personal development and provide direction for attaining desired skill and knowledge levels, it is more useful to consider training needs (and whether an activity (learning experience) would qualify as CPE) in terms of attaining desired competencies rather than simply considering whether it fits into one of the fields of study. The AICPA Competencies Subcommittee of the Assurance Services Special Committee has defined competencies as "including both what individual auditors know and what individual audit teams do." Based on this definition, they identified 19 competencies relevant to the provision of assurance services today. These competencies could serve as the basis for determining the subjects and activities (learning experiences) that would qualify as CPE.

72. Using such a competency-based learning model and developing competencies relevant to members in industry, education, and government practice as well, would expand the subjects and activities (learning experiences) that would qualify as CPE and provide more focus to the professional by helping him/her identify courses and/or activities that are relevant to his/ her career.

#### Career Development Plans

73. All CPAs should be encouraged to prepare a CPE career development plan each year to assist in planning for appropriate and relevant continuing education that will allow them to expand their competencies in the accounting profession. During the first several years of an individual's career, the plan should be developed for three to five years into the future, with a review and adjustment annually.
74. An individual's professional life should be based on continuous career development and life-long learning. The continuing development of an accounting career is too important to be left to the random selection of CPE programs with no long-term plan. The first standard of field work in auditing is "the work is to be adequately planned..." If planning is important to the work we perform, it should be equally important in planning the development of our career.
75. A career development plan would be based on an established set of competencies, such as those developed by the AICPA Competencies Subcommittee of the Assurance Services Special Committee included in their September 1995 report. CPE programs and experiences would then be planned to develop new competencies or improve existing competencies. As the accounting profession continues to change more rapidly and the impact of technology becomes more dramatic, the use of a career development plan is the only method available to select the proper long-term mix of CPE to keep a CPA competent throughout their career.

76. The AICPA could provide a valuable member service by providing assistance in the preparation of individual career development plans. By matching CPE programs with competencies, it will be possible to give individual members the necessary information to prepare their career development plans. Based on member profile information including years in practice, industry specialty and prior CPE programs attended, competencies that should be developed or expanded could be identified and a list of the CPE programs necessary to achieve the desired improvement prepared.

#### Career Development Curriculum Database

77. Continuing professional education must be viewed as an ongoing process guided by a plan, not a random collection of educational activities selected as isolated events. A career development curriculum database, using the framework of the established competencies, would be a useful tool for career planning. This database could include traditional CPE programs along with other learning activities.

The continuing education curriculum database would provide a logical sequence for long-term educational planning. It would encompass various career stages, as well as alternate career paths into areas of specialization, management, or industry.

78. CPAs could develop their own individualized CPE plan, based on their career development plan and their own competency level using an integrated CPE curriculum. This curriculum could be tied into the CPE Network and provide selections of available CPE programs or suggested educational activities that are relevant to the CPA's career.
79. Information technology will allow the curriculum database to be available to virtually all CPAs. In the future it may even be the source for continuing education for the majority of CPAs. The curriculum database could be developed with a series of questions that would actually assist CPAs in assessing their competencies and plotting their career development plan. Individuals would be able to track their progress within the database. The continuing education curriculum database could also provide the basis in the future for assigning and evaluating credits based on achieved competency levels.
80. The degree to which CPE can meet the needs of the CPA depends largely on the extent to which educational activities can be linked to professional practice and to the knowledge, skills, and abilities that practitioners can use in their daily operations. The development of a curriculum database would also enable the profession to identify areas of CPE needs in order to provide relevant, timely continuing professional education.

## **X. RECOMMENDATIONS FOR EXPANDING QUALIFYING CPE**

81. The following recommendations address steps that can be taken to expand what qualifies for CPE. The goal is to make CPE more relevant, current and cost effective for the professional. Both immediate and long-term changes to CPE measurement are addressed.
- [a] Testing should be a method of demonstrating competency and obtaining CPE credit.
    - Standards should be developed to provide credit for related certification tests.
    - Standards should be developed for awarding credit for satisfactory completion of a test in a defined competency or subject area. Initially, credit may be equated to the credit given for existing classroom or self study courses.
  - [b] Methods should be devised to give credit for learning experiences other than the traditional situation.
    - Qualifying learning experiences should be identified.
    - Criteria should be established for determining CPE credit.
  - [c] A competency-based structure for CPE should be more fully evaluated and implemented, if practical.
    - Competencies areas should be identified for all practice areas.
    - A method for awarding CPE credit by competency achievement should be developed.
    - A career planning support system should be developed.

\* \* \*

# DRAFT REPORT ON CPE CREDIT MEASUREMENT RESPONSE FORM

Circle the appropriate response indicating to what extent you agree or disagree with the concept as described in the report. Please share any comments you might have in the space provided or on a separate document. Please include the basis for your position.

## RECOMMENDATIONS FOR CPE MEASUREMENT

1. Change term from “hours” to “credits”: (see page 7)

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

.....

2. Change credits to recognize smaller increments [50 minutes = 5 credits]: (see page 7)

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

CUT ALONG LINE

3. Permit measure of CPE credits to be assigned based on other than hours: (see page 7)

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

.....

4. Grant CPE credits for performance related testing: (see pages 8-9)

- a. certification exams (currently exist)
- b. self-study post-tests (currently exist)
- c. competency based tests (to be developed)

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

.....

## EXPAND LEARNING EXPERIENCES WHICH QUALIFY FOR CPE CREDIT

5. Grant CPE credits for non-traditional learning activities, such as-- (see page 9)

- a. on-the-job training
- b. research

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

.....

6. Measure non-traditional learning activities as documented in-- (see pages 9-13)

- a. performance/learning logs
- b. portfolio assessment
- c. electronic performance support systems
- d. research documents
- e. evaluation of structured on-the-job training programs

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

CUT ALONG LINE



7. Using a competency-based structure to: (see pages 13-14)
- expand subject areas which qualify for CPE
  - assign CPE credit based on competencies attained
  - develop a career plan support system

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

.....

8. Tie curriculum database into competencies and career plan. (See page 15)

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
----------------	-------	---------	----------	-------------------

.....

.....

.....

.....

.....

.....

CUT ALONG LINE

Other comments (attach additional sheets as necessary):

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....